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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
TOM FORESE
DOUG LITTLE

2015 JAN 30 PM 1 53

ORIGINAL

IN THE MATTER OF THE APPLICATION OF
SUN CITY WATER COMPANY AND SUN CITY
WEST UTILITIES COMPANY FOR APPROVAL
OF CENTRAL ARIZONA PROJECT WATER
UTILIZATION PLAN AND FOR AN
ACCOUNTING ORDER AUTHORIZING A
GROUNDWATER SAVINGS FEE AND
RECOVERY OF DEFERRED CENTRAL
ARIZONA PROJECT EXPENSES

DOCKET NO. W-01656A-98-0577
DOCKET NO. WS-02334A-98-0577

Arizona Corporation Commission
DOCKETED

JAN 30 2015

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**EPCOR WATER ARIZONA, INC.
SUN CITY WATER DISTRICT
SUN CITY WEST WATER DISTRICT
NOTICE OF FILING
GROUNDWATER SAVINGS FEE FOR YEAR 2015**

EPCOR Water Arizona, Inc. ("Company") hereby timely files the revised Groundwater Savings Fee calculations for its Sun City Water and Sun City West Water Districts, as initially authorized by the Commission in Decision No. 62293 (February 1, 2000) and as updated through numerous Commission decisions.

For Sun City Water, based on the current reconciliation calculations, fees are over collected by \$17,573 as of December 31, 2014, with 2015 estimated costs of \$682,807, resulting in the revised Groundwater Savings Fee for residential customers of \$1.32 per unit, and \$0.1925 per 1,000 gallons for all other customers. Current fees are \$1.31 per unit for residential and \$0.1681 per 1,000 gallons for all other customers.

For Sun City West Water, based on the current reconciliation calculations, fees are under collected by \$8,382 as of December 31, 2014, with 2015 estimated costs of \$386,636, resulting in the revised Groundwater Savings Fee for residential customers of \$1.63 per unit, and \$0.1905 per 1,000 gallons for all other customers. Current fees are \$1.56 per unit for residential and \$0.1813 per 1,000 gallons for all other customers.

These updated fees are to be effective March 1, 2015. Copies of work papers supporting the revised fees as well as the revised tariff schedules are attached. Customers will be informed by bill text message of the change.

Work Papers

EPCOR Water Arizona, Inc.
GROUNDWATER SAVINGS FEE UPDATE

2015 Proposed Rates

Total Monthly Groundwater Savings Fee:

Sun City Water -

Monthly Charge Residential, per Household	\$ 1.32
Monthly Charge Commercial, Public Authority, and Irrigation, per 1,000 gal	\$ 0.1925

Sun City West Water-

Monthly Charge Residential, per Household	\$ 1.63
Monthly Charge Commercial, Public Authority, and Irrigation, per 1,000 gal	\$ 0.1905

Note: Deferred CAP Costs have been fully amortized and costs recovered.
Therefore, this tariff is for current costs only.

Data for calculations is through December 2014.

EPCOR Water Arizona, Inc.
Groundwater Savings Fee Update

Recovery Target and Tariff Calculations
Data as of 12/31/14

	Sun City West		Sun City	
Balances from 2010 Approved Tariff Calculation				
Grand Total (Over) / Under Collected Through August 2010		\$ (228,079) a		\$ (710,046) a
Sept - Dec 2010 Annual Costs	\$ 25,341		39,210	
Sept - Dec 2010 Surcharge Revenues	\$ (59,871)		(73,750)	
2010 (Over) Under Collected		\$ (34,530)		\$ (34,540)
2011 Annual Costs	\$ 229,584		405,733	
2011 Surcharge Revenues	\$ 28,440		363,119	
2011 (Over) Under Collected		\$ 258,024		\$ 768,852
2012 Annual Costs	\$ 287,012		\$ 506,854	
2012 Surcharge Revenues	\$ (233,875)		\$ (399,045)	
2012 (Over) Under Collected		\$ 53,137		\$ 107,809
2013 Annual Costs	\$ 309,546		\$ 546,665	
2013 Surcharge Revenues	\$ (339,521)		\$ (671,036)	
2013 (Over) Under Collected		\$ (29,975)		\$ (124,371)
2014 Annual Costs	\$ 361,196		\$ 636,491	
2014 Surcharge Revenues	\$ (371,391)		\$ (661,768)	
2014 (Over) Under Collected		\$ (10,195)		\$ (25,277)
Grand Total (Over) Under Collected		\$ 8,382		\$ (17,573)
Residential Allocation		\$ 7,053 b		\$ (13,080) b
Projected Number of Units Billed		202,817 d		373,183 d
Monthly Charge Per Household - Previous Years		\$ 0.03		\$ (0.04)
Other Customer Allocations		\$ 1,328 c		\$ (4,493) c
Projected Consumption (kgals)		328,523 d		883,580 d
Monthly Charge per 1,000 gal. - Previous Years		\$ 0.0040		\$ (0.0051)
Estimated Payments for 2015				
	<u>2015 Rates</u>	<u>Acre Feet Allocation</u>	<u>Acre Feet Allocation</u>	
CAP Payments				
M&I Delivery Rate	\$ 157	2,372 \$ 372,404	4,189 \$ 657,673	
Capital Charge Rate	\$ 22	2,372 52,184	4,189 92,158	
MWD Credit Rate	\$ (16)	2,372 (37,952)	4,189 (67,024)	
2015 Expense Recovery Target		\$ 386,636		\$ 682,807
Total 2015 Recovery Target		\$ 386,636		\$ 682,807
Residential Allocation		\$ 325,354 b		\$ 508,236 b
Projected Number of Units Billed		202,817 d		373,183 d
Monthly Charge Per Household - Current		\$ 1.60		\$ 1.36
Other Customer Allocations		\$ 61,282 c		\$ 174,571 c
Projected Consumption (kgals)		328,523 d		883,580 d
Monthly Charge per 1,000 gal. - Current		\$ 0.1865		\$ 0.1976
Monthly Charge Residential, per Household - Net		\$ 1.63		\$ 1.32
Monthly Charge Other, per 1,000 gals - Net		\$ 0.1905		\$ 0.1925

- a Total (Over) / Under Collected approved per Decision No. 72046 (effective September 10, 2010).
- b Allocated to Residential based on December 2014 YE revenues: Sun City 74%; Sun City West 84%
- c Allocated to Other Customers based on December 2014 YE revenues: Sun City 26%; Sun City West 16%
- d Applied amounts as of 12 month ending December 2014.

Sun City Water Groundwater Savings Reconciliation

2014 Revenue and Expense

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Residential	\$(43,942)	\$(43,962)	\$(40,288)	\$(40,352)	\$(40,387)	\$(40,376)	\$(40,430)	\$(40,484)	\$(40,493)	\$(40,587)	\$(40,598)	\$(40,676)	\$(492,576)
Other	(9,306)	(10,450)	(9,059)	(11,804)	(15,625)	(18,247)	(17,945)	(19,202)	(16,492)	(14,312)	(15,217)	(11,532)	(169,192)
Total Revenue	\$(53,248)	\$(54,412)	\$(49,348)	\$(52,156)	\$(56,012)	\$(58,623)	\$(58,375)	\$(59,687)	\$(56,985)	\$(54,900)	\$(55,815)	\$(52,208)	\$(661,768)
M&I	\$ 87,371	\$ 87,371	\$ 87,371	\$ 87,371	\$ 87,371	\$ 87,371	\$ 87,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 611,594
Cap Charges	-	-	-	41,890	-	-	-	-	-	46,079	-	-	87,969
MWD Credit	-	-	-	-	(2,144)	(23,040)	-	(12,640)	(16,288)	-	(6,464)	(2,496)	(63,072)
CAP Credit for prior year	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	\$ 87,371	\$ 87,371	\$ 87,371	\$ 129,261	\$ 85,227	\$ 64,331	\$ 87,371	\$ (12,640)	\$ (16,288)	\$ 46,079	\$ (6,464)	\$ (2,496)	\$ 636,491
Balance at 12/31/13	\$ 7,704												
Monthly (Over) / Under 2014	\$ 34,122	\$ 32,959	\$ 38,023	\$ 77,105	\$ 29,215	\$ 5,708	\$ 28,996	\$ (72,327)	\$ (73,273)	\$ (8,821)	\$(62,279)	\$ (54,704)	\$ (25,277)
Cumulative	\$ 41,826	\$ 74,785	\$ 112,808	\$ 189,912	\$ 219,127	\$ 224,835	\$ 253,831	\$ 181,504	\$ 108,231	\$ 99,410	\$ 37,131	\$ (17,573)	

Sun City West Water Groundwater Savings Reconciliation

2014 Revenue and Expense

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Residential	\$ (24,708)	\$ (24,715)	\$ (26,387)	\$ (26,396)	\$ (26,330)	\$ (26,258)	\$ (26,244)	\$ (26,242)	\$ (26,235)	\$ (26,271)	\$ (26,333)	\$ (26,390)	\$ (312,511)
Other	(3,741)	(3,642)	(3,665)	(4,231)	(5,300)	(5,432)	(5,787)	(6,241)	(5,304)	(5,087)	(5,254)	(5,195)	(58,879)
Total Revenue	\$ (28,449)	\$ (28,357)	\$ (30,052)	\$ (30,627)	\$ (31,631)	\$ (31,690)	\$ (32,031)	\$ (32,484)	\$ (31,539)	\$ (31,358)	\$ (31,587)	\$ (31,586)	\$ (371,391)
M&I	\$ 49,473	\$ 49,473	\$ 49,473	\$ 49,473	\$ 49,473	\$ 49,473	\$ 49,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,312
Cap Charges	-	-	-	23,720	-	-	-	-	-	26,092	-	-	49,812
MWD Credit	-	-	-	-	(1,984)	(13,440)	-	(6,448)	(9,248)	-	(3,008)	(800)	(34,928)
CAP Credit for prior year	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	\$ 49,473	\$ 49,473	\$ 49,473	\$ 73,193	\$ 47,489	\$ 36,033	\$ 49,473	\$ (6,448)	\$ (9,248)	\$ 26,092	\$ (3,008)	\$ (800)	\$ 361,196
Balance at 12/31/13													\$ 18,577
Monthly (Over) / Under 2014	\$ 21,024	\$ 21,116	\$ 19,421	\$ 42,566	\$ 15,858	\$ 4,343	\$ 17,442	\$ (38,932)	\$ (40,787)	\$ (5,266)	\$ (34,595)	\$ (32,386)	\$ (10,195)
Cumulative	\$ 39,601	\$ 60,717	\$ 80,138	\$ 122,704	\$ 138,562	\$ 142,905	\$ 160,347	\$ 121,416	\$ 80,628	\$ 75,363	\$ 40,768	\$ 8,382	

**EPCOR Water Arizona, Inc.
GROUNDWATER SAVINGS FEE**

Billing Determinants												TOTAL	
2014												2014	
	January	February	March	April	May	June	July	August	September	October	November	December	
Sun City West													
Customers:													
Residential	16,957	16,961	16,946	16,893	16,852	16,848	16,839	16,844	16,861	16,915	16,943	16,958	202,817
Total	16,957	16,961	16,946	16,893	16,852	16,848	16,839	16,844	16,861	16,915	16,943	16,958	202,817
Consumption:													
Commercial	22,157	21,485	20,213	23,337	29,239	29,959	31,963	34,557	29,548	28,265	29,144	28,656	328,523
Total	22,157	21,485	20,213	23,337	29,239	29,959	31,963	34,557	29,548	28,265	29,144	28,656	328,523
Sun City													
Customers:													
Residential	30,952	30,991	31,008	31,028	31,068	31,090	31,104	31,131	31,158	31,187	31,216	31,250	373,183
Total	30,952	30,991	31,008	31,028	31,068	31,090	31,104	31,131	31,158	31,187	31,216	31,250	373,183
Consumption:													
Commercial	54,604	58,455	49,021	61,429	78,688	90,225	90,076	98,918	85,303	74,987	79,418	60,204	881,328
Irrigation	64	92	19	22	160	138	203	254	282	316	274	428	2,252
Total	54,668	58,547	49,040	61,451	78,848	90,363	90,279	99,172	85,585	75,303	79,692	60,632	883,580

Tariff

Sun City West Water District
(Name of Service Area)

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

Residential Users

Flat Rate per unit per month Rate
\$1.63 *

* Rate consists of \$0.03 per unit to collect the under collection of prior years' surcharge and \$1.60 per unit for the collection of current annual CAP charges.

Other Users

All Usage per 1,000 gallons per month Rate
\$0.1905 **

**Rate consists of \$0.0040 per 1,000 gallons of usage to collect the under collection of prior years' surcharge and \$0.1865 per 1,000 gallons of usage for the current annual CAP Charges.

Terms and Conditions

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

Surcharge revenues during the preceding calendar year.
- Actual CAP payments (including MWD credits) applicable to preceding year
= (+) surplus or (-) deficit
+ Estimated CAP payments for coming year (M&I + delivery – MWD credits)
= Total target amount to recover during the coming March – February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: January 30, 2015 EFFECTIVE: March 1, 2015
Month Day Year Month Day Year

ISSUED BY: Sheryl Hubbard, Director, Rates & Regulation
2355 W. Pinnacle Peak Rd., Suite 300, Phoenix, AZ 85027

